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Mr. Chris Neri, Assistant Supervisor, Subdivision Section
California Department of Real Estate
P.O. Box 187005
Sacramento, CA 95818-7005

Subject: CID Status of R-Ranch at the Lake, Napa County

Dear Mr. Neri:

I am a Licensed Real Estate Broker and my wife and I are owners of a share at R-Ranch at the Lake. It has been a wonderful part of our lives for many years.

Ever since our renewed interest in policies at the ranch starting this past spring, I have been concerned about several items, one being the CID status of the ranch. I was part of the original R-Ranch at the Lake sales staff. Part of our training included documents related to the purchase. This included the DRE Public Report #010034HF-F00 which is enclosed. Page 2 very clearly states we are a Common Interest Development. On page 3, # 4 states "this is a common interest subdivision of the type referred to as an undivided interest subdivision". We also signed the same document when we purchased our share of R-Ranch at the Lake.

It is very clear that common interest is conveyed as undivided interest and we are required to join an owners association. There is only one conclusion to these basic facts. We were and still are a CID.

I am concerned because our Board President has stated that we do not have CID status at this time. He said that in 1999, the DRE decided that our classification as such was a mistake and our CID status was dropped. It seems that the reversal of our CID status was based on the view that we lack separate interests.

This does not hold true. The fact is that every time an owner occupies a cabin there is a separate interest for the duration of their stay. No one else can use or occupy that particular cabin for a time set by the owner, up to a maximum of one month. Every time an owner places a trailer on a site, there is a separate interest. No other owner can use the site or occupy the trailer for a time set by the owner, up to a maximum of three months. The boat storage arrangement is a separate interest as well.

In addition, our deeds are collectable and can be mortgaged and foreclosed on. Our shares as fee may be sold, willed or gifted. This certainly speaks of separate interest as well.

Lastly, to my knowledge, all three Northern California R-Ranches were established as Common Interest Developments. Obviously much thought was given to this by all parties concerned including the DRE. As a result, it does not compute that the CID status was called a mistake and dropped.

The question is why? It seems that this is something that needs to be corrected by the DRE!

Thank you for your attention to this concern. I look forward to your response.

Sincerely,

Gene McCracken
Real Estate Broker # 00418505
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Encl.

Why R-Ranch at the Lake is a Common Interest Development

Gene McCracken, Owner #147

Delivered at the Board of Directors Meeting 4/21/07

1. My background: Hello everyone, I am a Licensed Real Estate Broker of 35 years, now retired. I was a member of the original sales staff of R-Ranch at the Lake in 1982-83 during its opening sales. I have considerable knowledge of the origins of the ranch. I have also been involved in the sales of numerous condominiums, PUDs and stock cooperatives. These are other forms of common interest developments, so I also have a variety of experiences with the requirements of owner associations

2. Brief description of Davis-Stirling: In 1985, the Davis-Stirling Act established rules for owner associations. It was created to protect owners and members of associations and to provide board members with a path to properly manage their associations.

3. Clarification of the comments at the Jan 20th Board of Directors meeting: At the close of the last BOD meeting, there were some comments presented about our CID status. These include:

a) The comment was made that we are not a Common Interest Development or CID, but are Tenants in Common or TIC: Tenants in Common is simply one of five methods of holding title to real estate. Tenants in Common is defined as undivided interest so it does create some confusion. Common interest is most often conveyed as undivided interest. Our shares are deeded as 1/1800 undivided interest which represents our common interest. CID status requires more than a simple deeding. CID requires membership in an association and separate interest. We have both.

b) A comment was made that R-Ranch at Hornbrook is going broke due to following the Davis-Sterling requirements: After the January BOD meeting; my wife, Ruth, called Bill Duran, one of the members of the board of directors at R-Ranch at Hornbrook. He was quite surprised about the comment, saying they were not having financial difficulties due to Davis-Stirling. He said they have always been considered as a CID and have no plans to change.

c) Regarding the comment that we would have to mail out all rule changes at great added cost to the ROA: Again, Ruth called both Bill Duran and Denise Breese from R-Wild Horse Ranch and they both stated that rule changes are posted in the lodge immediately, and then entered into the next newsletter. R-Wild Horse Ranch is currently in the process of returning to its former CID status.

d) We were told that we would never be able to elect officers as we barely can get a quorum, and never a majority to vote: Davis-Stirling does not give a required number of votes required for board elections. Our By-Laws allow for the transaction of regular business by a quorum, or 25%, including the elections of board members.

4. Why we got interested in our CID status: Over a year ago, there were several committee reports in the newsletter that we became interested in. We started attending meetings. This is

when we learned that our CID status had been removed in 1999. I was totally shocked as the CID status was my comfort zone that the ranch was being properly managed. As a real estate agent, I was aware that part of the documents, specifically the Public Report, we gave to buyers very clearly stated that R-Ranch at the Lake was a Common Interest Development. Also, we knew that we had never been asked as owners to vote on this issue.

I wrote to Ken of my concerns and he promptly responded that the Department of Real Estate (DRE) had changed it. This and other parts of the explanation did not really answer my concerns.

5. Our question to the DRE: As a result, I wrote a letter to the Department of Real Estate, a copy of which is available for you to read. For six weeks, there was no reply, so I wrote a follow up letter. Again no reply. So I called, first to Chris Neri, Assistant Commissioner, Subdivision Section, then Chris Neely, Deputy Commissioner of the DRE. Both were very guarded in their replies, and would not make a statement regarding how and why the change was made. They did say however, that they do not make changes to the Public Report unless there is a request. They both said we should obtain an attorney's opinion as to the matter.

6. Letter of Opinion from Steven McCarthy: With this in mind; we have obtained a Letter of Opinion from Steven McCarthy, an attorney specializing in Real Estate and Common Interest Law and instrumental in the return of R-Wild Horse Ranch to CID status. You have a copy of this opinion and it clearly defines the reasons we are a CID. It concludes that because the actions of the DRE and our BOD were improper, and an owner vote was never taken, that we are still a CID.

7. Moving Forward: We cannot, without much turmoil, correct the past. But, we can correct the future. As advised by Mr. McCarthy, the board should set out at once to reinstate our CID status in our next Public Report due this coming August. We have provided the Letter of Opinion and do restate that there was never an owner's vote to support the past action.

Also, the board must now address the issue of inconsistent owner designation. (i.e. those who bought before 1999 and those after 1999 until today.)

8: Informational Workshops: Maybe all of this is very confusing to you. Randy Apoian, your board member, has been working to establish some Town Hall or Informational meetings featuring board members from the other ranches to help discuss their status with you. I will also be available to answer questions over Memorial Day and 4th of July.

Today, Laura Bohler, Randy, Ruth and I will be happy to answer any questions you may have. Laura has collected a series of documents related to our original CID status as defined by our original Public Report, the changes that were made, and our current Public Report with all reference to CID deleted. They are very definitive. They are available on a website set up by Laura, which you can access at: <http://briefcase.yahoo.com/tlvdatsi@pacbell.net>, or her e-mail at: tlvdatsi@pacbell.net.

Thank you for your kind attention. Action is now foremost and education is the key. Please join us through knowledge to get this Ranch back on track!